Nova Scotia Municipal Finance Corporation

30th
Annual Accountability Report
2010

Nova Scotia

Contents

Message from the Chair 3

How the Corporation Functions 4

Directors and Officers 5

Directors' Report 9

Market Conditions 2009–2010 11

Overview of Loan Portfolio 12

Other Programs 16

Staff Changes 17

Financial Statements

Management's Responsibility for Financial Statements 18

Auditor's Report to the Directors 18

Balance Sheet 19

Statement of Revenue, Expenditure and Reserve Fund 20

Statement of Cash Flows 20

Notes to Financial Statements 21

Message from the Chair

As Chair of the Nova Scotia Municipal Finance Corporation it is my pleasure to present the Nova Scotia Municipal Finance Corporation's 30th Annual Report for the 2009-10 fiscal year.

Debenture Issues and Short-Term Financing

The primary goal of the Corporation is to provide the lowest possible long term and short-term financing interest rates to its clients. In 2009-10, the Corporation was able to achieve this goal through its annual debenture issuance exceeding $100 million. The Corporation placed two debenture issues for $70.18 million, and $43.97 million, resulting in total long term loan activity of $114.15 million during the fiscal year. The Corporate issued $5,259,784 in short-term loans in 2009-10, and ended the fiscal year with a net income of $143,120.

Accomplishments

This has been a busy and progressive year at the Municipal Finance Corporation. With the appointment of an Acting Chief Executive Officer, the Corporation was able to regain its momentum and continue to deliver and promote its programs and services. Furthermore, the inception of the Corporation's Audit Committee began this year, which has brought greater accountability to the Municipal Finance Corporation and its clients.

At this time I would like to thank the Board Members, the staff of the Corporation and the staff of the Provincial Departments of Service Nova Scotia & Municipal Relations, Finance, and Justice for their advice and assistance throughout the year.

Kevin Malloy, CA
Chair

How the Corporation Functions

Authority

The Nova Scotia Municipal Finance Corporation was established by an Act of the Legislature of the Province of Nova Scotia in 1979, Chapter 301 of the Revised Statutes of Nova Scotia, 1989. The legislative authority for the Corporation can be found in the Municipal Finance Corporation Act.

Mission and Purpose

The mission of the Corporation is to provide financing to its clients for approved capital projects at competitive rates, within acceptable risk parameters and to provide advice and assistance to clients regarding financial management.

The Corporation was created to provide financial assistance for municipalities, municipal enterprises, school boards, and hospitals through a centralized borrowing authority. The Corporation fulfils its purpose through the issuance of pooled debenture issues. Pooling of borrowing requirements eliminates the need for individual municipalities to negotiate and administer their own debenture issues. All municipalities and municipal enterprises must finance their external capital requirements through the Corporation. Exceptions exist where funds may be borrowed from other governments. Most school board and hospital capital projects are financed directly by the Province of Nova Scotia.

The Corporation partners with the Association of Municipal Administrators of Nova Scotia and the Department of Service Nova Scotia and Municipal Relations, as well as with other professional associations in the building of financial management capacity in local governments across Nova Scotia.

Administration

The Corporation is governed by a Board of Directors appointed by the Governor in Council. The Municipal Finance Corporation Act requires that 40 per cent of the Board be municipal representatives. There are currently five Directors on the Board: two members are senior public servants, two members are appointed upon the recommendation of the Union of Nova Scotia Municipalities and the fifth member is appointed from the community at large.

The Corporation is completely self funded. The Minister of Service Nova Scotia and Municipal Relations is required, by legislation, to approve the administrative budget. The Corporation levies fees on loans made to its clients to help offset the administrative expenses of the Corporation. These fees coupled with interest revenue earned by the Corporation on its short-term investments ensure that the Corporation operates in a positive position.

Support staff and resources of the Provincial Departments of Finance and Service Nova Scotia & Municipal Relations have been provided to the Corporation. The Corporation contracts with the Department of Justice for the provision of legal services. The advice and assistance given by all three provincial departments are a valuable contribution to the operation of the Corporation.

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Halifax, Nova Scotia B3J 3K5

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P.O. Box 850, Station "M",
Halifax, Nova Scotia B3J 2V2

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Website: http://www.gov.ns.ca/snsmr/

Directors and Officers *(as at March 31, 2010)*

Byron Rafuse, Rick Farmer, Don Zwicker, Kevin Malloy, Keith Hunter

Directors of the Corporation

Kevin Malloy, CA, *Chair*
Deputy Minister
Service Nova Scotia and Municipal Relations

Keith Hunter
Warden
Municipality of the County of Cumberland

Donald Zwicker
Councillor
Municipality of the District of Lunenburg

Byron Rafuse, CMA
Controller
Nova Scotia Department of Finance

Rick Farmer, CGA
Business Consultant
Sydney, Nova Scotia

RICK FARMER is a Certified General Accountant and a Certified Municipal Manager with a Bachelor of Commerce degree from Saint Mary's University. His career in accounting and financial management spans 35 years, with 26 years spent in municipal government with the City of Sydney and the Cape Breton Regional Municipality. He retired as Director of Finance in 2007. He has served on the Boards of Directors of the Association of Municipal Administrators of Nova Scotia, the Union of Nova Scotia Municipalities and was appointed as the Municipal Finance Corporation Member at Large in 2007.

DON ZWICKER was first elected as councillor in the Municipality of the District of Lunenburg in 1991. He became the first Deputy Mayor of the Municipality for the term 2008/2009. In 2002 to 2004 he served as President, then Past President of the Union of Nova Scotia Municipalities. He concluded his 33 year career in the federal public service while District Manager for Nova Scotia in the Department of Indian and Northern Affairs. In a volunteer capacity, Don has served on several boards as chair or member: Clean Nova Scotia, South Shore Regional Library, Nova Scotia Provincial Apprenticeship Board, Ark Industries, Canadian Red Cross South Shore District, Riverport Board of Trade, Lunenburg Board of Trade, and Municipal Finance Corporation.

KEITH HUNTER graduated from Dalhousie University with a BSc in 1969. He owned Jerry's Supermarket in Amherst, Nova Scotia, from 1969 to 2006. In 1991, Keith was elected to the Council of the Municipality of the County of Cumberland (presently in his sixth term), and served as Deputy Warden from 1998 to 1999. In 2000, he was elected Warden of Cumberland County. Keith has also served on various boards, such as: 1991 - 2007, Board Member and Chair, Athol Forestry Cooperative; 2005 - present, Board Member of Nova Scotia Municipal Finance Corporation; 1991 - 2001, Board Member of Central Nova Tourist Association; 2006 - 2007, Board Member of the Federation of Canadian Municipalities; 2006 - 2007, Chair of Atlantic Caucus - FCM; Past Chair Cumberland Joint Services Management Authority (Solid Waste); Past Chair Entrance Development Committee (a sub-committee of CREDA established to beautify the area between the NS/NB border and the Town of Amherst to attract more tourists to Amherst and the Sunrise and Glooscap Trails); 1992 - 2006, Chair of North Tyndal Wellfield Advisory Committee. From 2006 - present, Keith has served on the UNSM Board of Directors, and in 2008 - present, serving as the Rural Caucus Chair on UNSM Board of Directors.

BYRON RAFUSE was appointed Controller for the Province of Nova Scotia in June 2005, and additionally as Associate Deputy Minister of Finance in March 2010. Byron has more than 25 years experience with the provincial government where he has held several senior financial and program positions within the departments of the Solicitor General, Justice, Finance and Health.

Byron's previous work experience includes the role of the lead accounting and financial position for several government departments and has also participated in the development of the corporate budget for the Province of Nova Scotia.

Byron graduated from Saint Mary's University with his Bachelor of Commerce. He is a Certified Management Accountant and currently on the Board of the Nova Scotia Society of Management Accountants as well as various other boards and trustees.

On December 8, 2008 KEVIN MALLOY was appointed as Deputy Minister of Service Nova Scotia and Municipal Relations (SNSMR). Kevin joined SNSMR in November of 2004 to fill the Assistant Deputy Minister (ADM) position. Prior to joining SNSMR, Kevin took over the responsibilities of Controller for the Province of Nova Scotia on July 19, 1999. As the senior financial position in government, the Controller is responsible for leading and directing the corporate financial systems including accountability control systems; the central accounting system; the Internal Audit function; internal and external reporting systems; and government payroll services. Prior to being appointed Controller, Kevin was Director of Finance for the Department of Transportation and Public Works. Kevin joined government in 1984 where he spent five years with the provincial Auditor General's office, and subsequent to those nine years with the Department of Education.

Kevin is past President of the Institute for Citizen Centred Service, a member of the Institute of Chartered Accountants of Nova Scotia, serves as Past President of the Financial Management Institute (Halifax Chapter), and is on a number of boards.

Officers of the Corporation

Chair
Kevin Malloy, CA
Deputy Minister
Service Nova Scotia and Municipal Relations

(Acting) Chief Executive Officer and Treasurer
Mark A. Peck, MPA
Municipal Advisor
Service Nova Scotia and Municipal Relations

Corporate Secretary
Paul Wills, CMA
Municipal Advisor
Service Nova Scotia and Municipal Relations

General Counsel
Jennifer Glennie
Department of Justice

Assistant Treasurer
Roy Spence Director, Liability Management
Department of Finance

PAUL WILLS is currently a Municipal Advisor with Service Nova Scotia and Municipal Relations with the Province of Nova Scotia and has been in this role since September 2008. Prior to this he was the Manager, Municipal Finance with the same department. He graduated from Saint Mary's University in 1987 and obtained his Certified Management Accountant (CMA) designation in 1994. Paul worked with the County of Kings where he was employed as the Chief Accountant for eight years. From there, he moved to the Town of New Glasgow in the role of Director of Corporate Services for two years before accepting the Manager's position with the Province. Paul is the past chair of the Tangible Capital Asset Committee for Nova Scotia and the past chair of the Financial Reporting and Accounting Manual Committee.

JENNIFER GLENNIE is a solicitor with Legal Services who joined the Justice team in July of 2008. Before joining Justice, Jennifer was a partner practicing corporate and commercial law with a large Atlantic Canadian firm. She is currently serving the Department of Finance, Municipal Finance Corporation, as well as crown corporations and agencies for which the Minister of Finance is responsible. Jennifer is a Peer Volunteer and Committee Member of the Lawyers' Assistance Program, Chair of Justice's Head Office Healthy Workplace Committee.

ROY SPENCE joined the Department of Finance in October 1998 as the Director, Liability Management and Treasury Services. Prior to joining the Province of Nova Scotia, Roy was the Director of Fiscal Management in the Provincial Treasury, Province of Prince Edward Island. That position had responsibility for liability management and other finance functions.

Roy graduated from Lakehead University with a Master of Arts degree in Economics. He also taught both graduate and undergraduate courses in economics for a number of years prior to joining the public service.

Staff of the Corporation

(Acting) Chief Executive Officer
Mark A. Peck, MPA

Manager of Financial Services
Bob Audoux, CGA

Manager of Client Services
Melissa Mosher, MPA

Administrative Assistant
Margo Horne

Summer Student
Emily Harris

Bob Audoux, Melissa Mosher, Mark Peck, Margo Horne

MARK PECK has been employed by the Provincial Government since 1988. He has held various positions throughout government, including his current position as a Municipal Advisor. As a Municipal Advisor, Mark assists municipalities with various projects and operational concerns. From 2005 to 2008, Mark also served as the NSMFC's Corporate Secretary. In 2009, Mark was appointed as the Acting Chief Executive Officer of the NSMFC. In 2009, Mark completed his Master of Public Administration from Dalhousie University.

BOB AUDOUX has been employed by the NSMFC for over 13 years. In addition to Bob's many years of service with the NSMFC, he has many years of previous experience working the Provincial government and private sector. Bob recently completed his Certified General Accounting designation in 2009.

MARGO HORNE has over 30 years experience in working with municipalities and with the Province of Nova Scotia. She has extensive experience in working with municipal finance and administration.

MELISSA MOSHER has been employed by the Provincial Government since 2006, where she began her career at the NSMFC as the Manager of Client Services. During her time at NSMFC, she had the opportunity to take a 15 month secondment with the Municipal Services Division of Service Nova Scotia and Municipal Relations. Melissa earned her Bachelor of Arts from University of Manitoba (2004) and her Master of Public Administration from Dalhousie University (2006).

EMILY HARRIS is the 2010 Master of Public Administration student summer intern. Emily is originally from the Town of Wolfville. She completed her undergraduate degree at the University of King's College where she majored in Political Science and is currently working toward her Master of Public Administration at Dalhousie University. Between her degrees she spent time studying to become a sommelier in Calgary, Alberta.

Directors' Report

Planning for the Corporation is formulated in accordance with the needs of the clients. The Corporation must ensure that it has ready access to capital markets and that it has the financial and administrative capacity to respond to local governments' demand for capital infrastructure financing. In order to ensure that the Corporation meets the demand for capital infrastructure financing, the Corporation's Board of Directors approves a Business Plan on an annual basis.

Business planning is an evolving process. Outcomes, measures, and indicators are evaluated during the course of the year for effectiveness and responsiveness to the Corporation's longer-term strategic vision. Through the evaluation process, outcomes and measures may be changed to ensure that they are within the Corporation's area of responsibility, and the Corporation can influence the outcome and the Corporation's performance can be measured.

The strategic goals of the Corporation are supported by the operational priorities. The operational context for the Corporation's activities is strongly influenced by the ability to:

- Identify its client's needs and respond to them
- Keep abreast of developments in local government capital finance
- Maintain financial self sufficiency

The Annual Report reflects the Corporation's results as measured against the 2009-2010 Business Plan. Along with measuring the longer-term strategic goals of the Corporation, operational results are included, which are important in ensuring that the Corporation can meet its priorities and goals.

Business Plan and Strategic Goals

Strategic Goal 1

To provide capital infrastructure financing to our clients at the lowest available cost, within acceptable risk parameters, to meet their particular debt structure and timing needs.

Outcome:
Competitive financing to our clients in a timely and responsive manner

Measures:
Client satisfaction rates with cost, timing, term and structure of MFC loans

Targets:
A 90% to 100% client satisfaction rate by fiscal 2009-2010. Regular review of loan procedures and maintaining credit enhancement through access to the provincial guarantee

Operational results:

- Issued 38 loans to 30 municipalities, and 3 municipal enterprises.
- Issued $114,153,814 in debentures and on-loaned a similar amount to clients
- Administered $5,259,784 in short-term financing pending issuance of a debenture
- Administered $728.5 million in outstanding debentures, which included the payment of debenture interest
- Administered $728.5 million in outstanding loans to municipalities and hospitals

Strategic Goal 2

To ensure access to capital markets through prudent management of all financial aspects of the Corporation that includes credit risk and asset/liability management.

Outcome:
Ensure that a sustainable source of funding is available for financing requests from clients and to ensure the operation of the Corporation.

Measures:
Client default rates, matching of assets and liabilities, and adoption of a risk management strategy.

Targets:
No defaults, maintain matched asset and liability amounts, adopt risk management plan.

Operational results:
- Reviewed all municipal requests with Service Nova Scotia and Municipal Relations to ensure that the loans to a municipal unit did not pose a credit risk to the Corporation
- Managed asset and liabilities of the Corporation to mitigate risk and to ensure that the Corporation did not incur any negative carry costs
- Managed the administration budget of the Corporation prudently and ended the fiscal year with a net income of $143,120 and a reserve fund balance of $6.30 million
- A risk management framework adopted

Strategic Goal 3

To help build financial management knowledge in municipalities and promote municipal capital project planning and financing

Outcome:
Client awareness of new financial products and features that may help municipal governments; improved MFC products that respond to client needs; and increased financial management knowledge in municipalities.

Measures:
Percentage of municipal units that are satisfied with products being offered by the MFC, and existence of effective programs directed at client needs

Targets:
A 95% to 100% client satisfaction rate by fiscal 2009-2010. Development of programs that meet client needs.

Operational results:
- Encouraged the implementation of recommended practices of the Financial Management and Capacity Building Committee in Nova Scotia municipalities.
- Continued promoting the MFC's debt affordability model to municipal units.
- Sponsorship of finance professionals in two municipal units to attend the annual GFOA Conference
- Continued participation on municipal and provincial committees
- Participated in the Association of Municipal Administrators of Nova Scotia's Municipal Finance Officers forum

Market Conditions 2009–2010

The Canadian economy began the fiscal year 2009-2010 in recession, with real GDP falling by 7.0% on an annualized basis in the first quarter of 2009, and a further fall of 3.5% in the second quarter. Since mid-2009, the Canadian economy has been recovering, with real GDP growth of 0.9% in the third quarter, and strong growth of 4.9% in the fourth quarter of 2009. In 2010, the Canadian economy appears to be recovering at a rate faster than the United States, with real GDP growth of 6.1%, a rate double that in the United States. For the calendar year 2009, real GDP fell by 2.5%, as exports dropped 14% and business investment in plant and equipment fell 17%. Since 1961, the earliest date for which data consistent with the current definition of GDP exist, the only other annual declines were recorded in 1982 (-2.9%) and 1991 (-2.1%). The Canadian economy also experienced a recession that was less severe and shorter than in other G7 countries. Between the third quarter of 2008 and the second quarter of 2009, real GDP in Canada fell by 3.6%. This compares with a total decline of 3.8% in the US during 2008-2009, and even larger declines in Europe and Japan. The drop in Canada's GDP that occurred over those three quarters also was shorter than the four to six quarters of contraction in the other G7 nations.

The Canadian dollar appreciated against the US dollar for most of the fiscal year 2009-10. In March 2009, the Canadian dollar was valued at about $0.77 cents US/CAD, and by the end of the fiscal year, the Canadian dollar had appreciated to $0.95 cents US/CAD. The rise in the Canadian dollar in the fiscal year was the result of a rebound in commodity prices, strong equity prices, and the expectation that the Bank of Canada may begin to raise administered interest rates in mid-2010.

Interest Rates

The Bank of Canada began easing administered interest rates in Canada in December 2007, taking the overnight interest rate from 4.5% down to 0.25% in a seventeen month span. The Bank of Canada maintained the 0.25% interest rate throughout fiscal year 2009-10, and provided a conditional pledge to leave interest rates at that level through to the end of the second quarter of 2010. In the United States, the Federal Reserve Board dropped the Federal Funds Rate to near zero levels in response to the financial market and economic events in the fall of 2008, and has maintained these low levels since that time.

Canada bond yields in late 2008 and early 2009 were driven to low levels as financial market participants responded to the worsening credit / liquidity crisis. Canadian 10-year bond yield that had been as low as 2.55% in mid-January 2009, started the fiscal year 2009-10 at 2.75%. That interest rate rose to 3.5% by late May, and for the remainder of the fiscal year remained in a narrow range of 3.25% to 3.65%. Ten year bond yields in the United States started fiscal year 2009-10 at 2.65%, and experienced considerably more volatility than the 10-year Canada bond. In March 2009, the Federal Reserve Board used "quantitative easing" to purchase $300 billion of long-term US Treasury Securities over a six month period to help improve conditions in credit markets, and this action temporarily lowered 10-year US Treasury yields. Over the fiscal year, the 10-year US Treasury yield averaged 3.5%, but ranged from a low of 2.4% in early April, to a high of almost 4% in early June.

All borrowers, including the Province of Nova Scotia and Nova Scotia Municipal Finance Corporation, experienced significant credit spread widening in late 2008 and early 2009 as investors focused on the liquidity provided by Federal Government bonds. Throughout the fiscal year 2009-10 the provincial credit spread environment improved, albeit at modestly higher levels that those experienced prior to the liquidity crisis in the fall of 2008. The municipal credit spread over the respective province did not recover as much, and remained at wider than historical levels. The fall 2009 issue was a 1 to 15 year serial debenture, and given the combination of lower Canada bond yields and improved provincial credit spreads, had a record low interest cost of 3.854%. The all-in cost of borrowing for the Municipal Finance Corporation remained attractive throughout the fiscal year, albeit at somewhat higher levels than the MFC fall issue.

The Corporation issued two pooled debenture issues in 2009-10. The all-in costs of funds to our clients are detailed below:

Spring Issue		**Fall Issue**	
settled June 1, 2009		*settled October 27, 2009*	
5 years	2.78%	5 years	2.74%
10 years	4.01%	10 years	3.67%
15 years	4.75%	15 years	4.25%
20 years	5.09%	20 years	4.52%
All-in cost	4.52%	All-in cost	3.93%

Overview of Loan Portfolio

Loans Made during the Year

Purpose

Streets	32.0
Water	18.6
Buildings	15.5
Equipment	13.7
Solid Waste	13.1
Hospitals	2.3
Sewer	1.7
Recreation	1.3
Sewage Treatment	1.1
Other	0.7

Jurisdiction

Regionals	61.13
Towns	16.54
Municipal Enterprise	14.84
Rural	7.49

Loans to Municipal Units, School Boards and Hospitals

The Corporation's loan portfolio consists of loans to municipal units and enterprises that are serviced or guaranteed by Nova Scotia municipalities, school boards that are serviced by the Province of Nova Scotia, and hospitals/health authorities guaranteed by the Province. There are no arrears.

The Nova Scotia Department of Service Nova Scotia and Municipal Relations performs the credit checks using debt policy guidelines approved by the Minister. The Minister approves all capital borrowing requests by municipal units and municipal enterprises. The Corporation's interest rate risk is minimized by matching the interest rates, term, and features of its debenture issues with those on the loans it makes to its clients.

During the year, long-term loans totalling $114,153,814 were made to 30 municipal units, and 3 municipal enterprises. They were used for the purposes as shown below.

NOTE: The amount of debentures issued during the year approximates the long-term loans made.

Schedule of New Loans by Purpose *(by Jurisdiction)*

Purpose	Regional	Town	Rural	Municipal Enterprises	Total	Percent
Water	$ 0	$3,198,738	$1,136,000	$16,935,000	$21,269,738	18.6%
Hospitals	0	1,000,000	1,600,000	0	2,600,000	2.3%
Sewer	310,619	894,430	695,000	0	1,900,049	1.7%
Streets	31,198,638	3,337,056	2,035,000	0	36,570,694	32.0%
Buildings	8,416,573	7,210,996	2,047,500	0	17,675,069	15.5%
Equipment	13,917,160	1,767,510	0	0	15,684,670	13.7%
Recreation	1,232,659	295,240	0	0	1,527,899	1.3%
Solid Waste	14,433,972	235,817	232,000	0	14,901,789	13.1%
Sewage Treatment	0	434,827	810,000	0	1,244,827	1.1%
General	274,079	505,000	0	0	779,079	0.7%
Totals	**$69,783,700**	**$18,879,614**	**$8,555,500**	**$16,935,000**	**$114,153,814**	
Percent	**61.2%**	**16.5%**	**7.5%**	**14.8%**	**100.0%**	

Projects Administered
Year ended March 31, 2010

The accumulated loans outstanding at March 31, 2010 amount to $728.5 million, comprising $719.5 million to 71 municipal units and enterprises and $9.0 million to two district health authorities. Effective March 31, 1993, the Province of Nova Scotia assumed all loans related to shareable school and hospital construction.

The following table shows the total loans outstanding at the end of each of the last 10 fiscal years, broken down by category.

Outstanding Borrowing Program

Funds totalling $114.2 million for loans to municipal units and municipal enterprises were raised through two issues in the Canadian domestic market. The two issues were placed privately with the Province of Nova Scotia which purchased a $70.2 million issue in June 2009 and a $44.0 million issue in October 2009. Interest rate coupons ranged from 0.90 per cent to 5.644 per cent.

Ten-Year History of Loans to Municipal Units, School Boards and Hospitals

New Long Term Loans during the Year
Fiscal year ending at March 31st ($ millions)

Year	Municipal	Hospitals	School Boards	Total
2001	52.4	—	—	52.4
2002	49.9	—	—	49.9
2003	84.6	11.0	—	95.6
2004	73.1	—	—	73.1
2005	167.7	—	—	167.7
2006	112.0	—	—	112.0
2007	108.3	—	—	108.3
2008	139.5	0.5	—	140.0
2009	110.9	—	—	110.9
2010	114.2	—	—	114.2

Loans Outstanding at Year End
At March 31st ($ millions)

Year	Municipal	Hospitals	School Boards	Total
2001	463.4	11.8	25.0	500.2
2002	452.2	10.9	18.7	481.8
2003	469.7	11.0	2.2	482.9
2004	481.5	10.8	0.7	493.0
2005	579.5	10.5	0.3	590.3
2006	611.1	10.2	—	621.3
2007	632.4	9.8	—	642.2
2008	679.6	9.9	—	689.5
2009	700.3	9.5	—	709.8
2010	719.5	9.0	—	728.5

Schedule of Outstanding Loans

Year ended March 31, 2010

By Jurisdiction	Principle March 31/09	New Loans	Principle Repaid	Principle March 31/10
Regional Municipalities				
Halifax	$327,597,760	$59,051,700	($51,171,866)	$335,477,594
Cape Breton	106,160,282	10,452,000	(11,425,773)	105,186,509
Queens	5,629,563	280,000	(812,526)	5,097,037
Total Regional Municipalities	**$439,387,605**	**$69,783,700**	**($63,410,165)**	**$445,761,140**
District Health Authorities	**$9,502,810**	**$0**	**($472,129)**	**$9,030,681**
Towns				
Amherst	$6,875,050	$932,845	($754,944)	$7,052,951
Annapolis Royal	512,050	0	(105,550))	406,500
Antigonish	3,246,006	785,000	(318,004)	3,713,002
Berwick	1,048,070	1,709,100	(388,968))	2,368,202
Bridgetown	1,073,007	255,932	(140,181)	1,188,758
Bridgewater	7,349,000	1,955,000	(996,300)	8,307,700
Canso	732,351	777,026	(638,201)	871,176
Clark's Harbour	300,000	0	(20,000)	280,000
Digby	1,145,784	420,327	(182,321)	1,383,790
Hantsport	1,761,501	230,500	(124,633)	1,867,368
Kentville	7,120,460	1,154,800	(902,650)	7,372,610
Lockeport	188,200	243,949	(35,000)	397,149
Lunenburg	2,482,000	0	(217,500)	2,264,500
Mahone Bay	1,018,000	0	(67,400)	950,600
Middleton	917,294	75,000	(163,082)	829,212
Mulgrave	431,600	0	(129,600)	302,000
New Glasgow	5,221,246	498,200	(594,889)	5,124,557
Oxford	1,786,828	0	(271,776)	1,515,052
Parrsboro	26,058	0	(8,686)	17,372
Pictou	1,247,000	480,000	(574,500)	1,152,500
Port Hawkesbury	7,635,090	883,650	(780,430)	7,738,310
Shelburne	716,182	534,985	(98,976)	1,152,191
Springhill	5,729,559	0	(805,269)	4,924,290
Stellarton	14,697,480	0	(700,294)	13,997,186
Stewiacke	1,967,220	817,500	(240,436)	2,544,284
Trenton	81,000	0	(48,975)	32,025
Truro	7,411,250	5,515,000	(724,250)	12,202,000
Westville	1,427,891	56,400	(122,317)	1,361,974
Windsor	3,934,965	940,400	(224,126)	4,651,239
Wolfville	3,954,506	614,000	(1,068,087)	3,500,419
Yarmouth	6,560,027	0	(698,340)	5,861,687
Total Towns	**$98,596,675**	**$18,879,614**	**($12,145,684)**	**$105,330,605**

Schedule of Outstanding Loans *continued*

By Jurisdiction	Principle March 31/09	New Loans	Principle Repaid	Principle March 31/10
Rural Municipalities				
Annapolis	$4,812,213	$0	($705,713)	$4,106,500
Antigonish	3,092,831	0	(161,567)	2,931,264
Barrington	1,258,757	0	(142,257)	1,116,500
Chester	6,067,231	617,000	(1,452,950)	5,231,281
Clare	3,212,500	0	(243,750)	2,968,750
Colchester	12,439,426	1,400,000	(1,557,074)	12,282,352
Cumberland	1,009,231	0	(112,752)	896,479
Guysborough	2,041,500	1,918,500	(2,041,500)	1,918,500
Hants East	23,876,263	1,568,000	(1,009,442)	24,434,821
Hants West	67,400	810,000	(33,700)	843,700
Inverness	1,800,000	0	(200,000)	1,600,000
Kings	8,096,008	1,817,000	(1,501,258)	8,411,751
Lunenburg	15,545,200	0	(923,300)	14,621,900
Pictou	133,255	0	(42,495)	90,760
Richmond	3,768,019	0	(394,979)	3,403,040
Shelburne	392,364	0	(83,891)	308,473
Victoria	1,218,000	0	(133,500)	1,084,500
Yarmouth	3,517,500	425,000	(592,500)	3,350,000
Villages				
Baddeck	927,645	0	(67,518)	860,127
Bible Hill	180,000	0	(36,000)	144,000
Chester	99,000	0	(11,000)	88,000
Kingston	360,000	0	(56,000)	304,000
Lawrencetown	85,000	0	(8,500)	76,500
New Minas	25,000	0	(25,000)	0
St. Peters	376,133	0	(38,400)	337,733
Port Williams	459,000	0	(51,000)	408,000
Westport	50,500	0	(10,500)	40,000
Weymouth	157,500	0	(17,500)	140,000
Total Rural Municipalities	**95,067,476**	**8,555,500**	**(11,624,046)**	**91,998,930**
Municipal Enterprises				
Bridgewater Public Service Commission	3,310,000	285,000	(290,000)	3,305,000
Digby Area Recreation	270,000	0	(30,000)	240,000
Digby Housing Corporation	551,500	0	(28,000)	523,500
Glen Haven	848,100	0	(43,000)	805,100
Halifax Regional Water Commission	59,274,685	15,250,000	(6,991,920)	67,532,765
Lunenburg Home for Special Care	776,355	0	(48,450)	727,905
R.K. MacDonald	1,702,168	0	(281,317)	1,420,851
Seaview Manor	343,000	0	(85,750)	257,250
St. Peter's-Sampsonville Water Utility	0	1,400,000	0	1,400,000
Villa Acadienne	184,400	0	(57,900)	126,500
Total Enterprises	**$67,260,208**	**$16,935,000**	**($7,856,337)**	**$76,338,871**
Total Loans	**$709,814,774**	**$114,153,814**	**($95,508,362)**	**$728,460,226**

Other Programs

The Corporation offers borrowing programs beyond long-term financing via debenture issue as well as financial management capacity building programs to assist municipal units with long-term financial planning.

Borrowing Programs

The Board of Directors has long supported a short-term borrowing program for its clients. The Corporation's reserve fund is used to provide short-term loans to its clients that have completed their capital project and are awaiting participation in the debenture issue. The terms of the short-term loan are for a period of not greater than one year; interest is charged at a rate of Bank of Montreal's prime lending rate less 1 per cent. The Corporation loaned $5,259,784 to 12 municipalities for various municipal capital related projects.

Financial Management Best Practices

The Corporation and the Association of Municipal Administrators of Nova Scotia (AMA) have a joint committee with the goal of developing financial management best practices for use by municipalities in Nova Scotia.

The committee strives to be representative of all municipalities in the Province. It includes finance professionals working in towns, regional and rural municipalities, as well as representatives from the Department of Service Nova Scotia and Municipal Relations. The committee uses recommended practices that have been developed by the Government Finance Officers Association (GFOA) and adapts them to fit to Nova Scotia legislation and practices. This year was the committee's seventh year of operation and because of an NSMFC staff secondment opportunity, the committee did not develop any more best practices, but the best practices continued to be promoted to Nova Scotia municipalities.

Long-Term Financial Planning

The Corporation developed a Debt Affordability Model to assist municipalities in capital planning and debt management, which several municipalities are currently using. Other municipalities have responded stating they are facing human resources and time constraints to fully utilize this tool to its full potential. During the current year, staff visited four municipalities who requested training on the Model.

Municipal Finance Training and Capacity Building Program

The purpose of the Municipal Finance Training and Capacity Building Program is:

- To enhance the quality of municipal financial services provided by local government finance professionals in Nova Scotia by exposing them to current issues, best practices, and trends in Canadian and international local government finance
- To encourage the development of a network of municipal finance specialists in Nova Scotia for the purpose of sharing knowledge and best practices

The Corporation, in partnership with the Department of Service Nova Scotia and Municipal Relations, sponsors two financial professionals working in municipal government in Nova Scotia to attend the annual Government Finance Officers Association Conference. This international conference is dedicated to the development of financial excellence in local government, through the use of best practices and bench-marking.

Dalhousie School of Public Administration Internship Program

Every summer, the Corporation hires a Master of Public Administration student to lead a special project focussed on building municipal financial capacity. The student conducts research, works closely with municipal and provincial stakeholders, and writes a final project report that will include recommendations and best practices regarding the project.

The 2009 summer intern led two projects, Asset Inventory Management and Financing Municipal Wastewater. The Asset Inventory Management project will help Service Nova Scotia and Municipal Relations better understand asset management practices in Nova Scotia, and will help municipalities to better access funds to improve their infrastructure. The Financing Municipal Wastewater project will help Service Nova Scotia and Municipal Relations understand how municipalities are currently financing their one-third share of wastewater infrastructure. Both asset management and wastewater infrastructure have a significant impact on municipal finances.

Staff Changes

At the end of January 2010, Ms Gail Harding retired as Administrative Assistant of the Corporation. Ms Harding joined the Corporation in March 1979 at the inception of the Corporation. Throughout Ms Harding's 31 years with the Corporation, she provided professional service to the Corporation's municipal clients as well as the Corporation's Board of Directors. Ms Harding has been a valuable employee to the Corporation and will be missed. The Board of Directors would like to acknowledge Ms Harding's valuable contribution to the Corporation and wishes her all the best in her retirement. Replacing Ms Harding is Ms Margo Horne. Ms Horne brings over 25 years of municipal experience to the Municipal Finance Corporation through her work in the Municipal Services Division of Service Nova Scotia and Municipal Relations. Ms Horne had been training under Ms Harding for a period of time prior to Ms Harding's retirement to ensure a smooth transition. The Board of Directors would like to welcome Ms Horne to the Municipal Finance Corporation.

Management's Responsibility for Financial Statements

The financial statements of the Nova Scotia Municipal Finance Corporation are the responsibility of management and have been prepared in accordance with PSAB and CICA's accounting principles, which are generally accepted in Canada, applied on a basis consistent with that of the preceding year. The financial information presented elsewhere in the Annual Report is consistent with the financial statements and the underlying information from which these financial statements were prepared.

The financial statements have been examined independently by the external auditors, KPMG LLP, whose responsibility it is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditors Report, attached to the financial statements, outlines the scope of their examination and contains their opinion.

The Board of Directors have approved the financial statements and all information in the Annual Report. The external auditors have full and free access to the Board, with and without the presence of management, to discuss auditing, internal control, accounting policy, and financial reporting matters.

Auditors' Report to the Directors

To the Directors of Nova Scotia Municipal Finance Corporation

We have audited the balance sheet of the Nova Scotia Municipal Finance Corporation as at March 31, 2010 and the statement of revenue, expenditure and reserve fund for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants
Halifax, Canada
April 29, 2010

Balance Sheet

March 31, 2010, with comparative figures for 2009

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,362,635	$ 6,290,680
Accrued interest receivable	10,938,412	11,020,057
HST receivable	1,444	206
Accounts receivable	9,361	15,016
Principal due within one year on loans to units (note 3)	90,876,542	95,508,362
	108,188,394	112,834,321
Loans to units due beyond one year (note 3)	637,451,675	614,115,611
	$ 745,640,069	$ 726,949,932
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 70,847	$ 72,209
Accrued interest payable	10,933,171	11,017,720
Principal due within one year on debentures (notes 3 & 4)	90,882,065	95,569,267
	101,886,083	106,659,196
Employee obligations (note 5(a))	38,917	50,139
Debentures due beyond one year (note 4)	637,417,773	614,086,421
	739,342,773	720,795,756
Equity:		
Reserve fund	6,297,296	6,154,176
	$ 745,640,069	$ 726,949,932

See accompanying notes to financial statements.

On behalf of the Board:

Kevin Malloy, *Chair* Don Zwicker, *Director*

Statement of Revenue, Expenditure and Reserve Fund

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Interest on loans to units	$ 35,195,535	$ 35,059,329
Interest on short-term investments	20,864	150,508
Recovery of issue costs	364,409	349,435
Reserve fee	456,615	443,443
	36,037,423	36,002,715
Expenditure:		
Interest on debenture debt and short term loans	35,194,405	35,061,085
Debenture issue expenses	365,034	348,664
Administrative expenses	334,864	379,272
	35,894,303	35,789,021
Excess of revenue over expenditures	143,120	213,694
Reserve fund, beginning of year	6,154,176	5,940,482
Reserve fund, end of year	$ 6,297,296	$ 6,154,176

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	$ 143,120	$ 213,694
Items not involving cash:		
Amortization of fair value adjustment on loans to units	(58,792)	(84,129)
Amortization of fair value adjustment on debenture debt	59,418	84,773
Increase (decrease) in employee obligations	(11,222)	(45,267)
Change in non-cash operating working capital (note 6(b))	151	(32,270)
	132,675	136,801
Financing:		
Issue of debentures	114,154,000	110,860,233
Principal payments on debenture debt	(95,569,268)	(90,596,807)
	18,584,732	20,263,426
Investments:		
Issue of loans to units	(114,153,814)	(110,860,913)
Principal received on loans to units	95,508,362	90,593,470
	(18,645,452)	(20,267,443)
Increase in cash and cash equivalents	71,955	132,784
Cash and cash equivalents, beginning of year	6,290,680	6,157,896
Cash and cash equivalents, end of year	$ 6,362,635	$ 6,290,680
Supplemental cash flow information (note 6)		

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 2010

The Corporation was created by the Municipal Finance Corporation Act which was proclaimed on July 31, 1979. The Corporation began operations on January 1, 1980 and has a March 31 fiscal year end. The object of the Corporation is to provide financing of approved capital projects for municipalities, municipal enterprises, regional school boards, and hospitals through a central borrowing authority. The Corporation is not subject to provincial or federal taxes.

1. Significant accounting policies:

(a) Cash and cash equivalents:
Cash and cash equivalents include cash on hand, balances with banks, short-term deposits with the Province of Nova Scotia with maturities of generally three months or less and any short-term loans to municipal units.

(b) Loans to units:
Loans to units are recorded at amortized cost.

c) Debentures:
Debentures are recorded at amortized cost.

(d) Reserve Fund:
The Reserve Fund was created from accumulated surpluses and interest on funds which had been advanced by the Province of Nova Scotia and interest on other surplus monies. The purpose of the Reserve Fund is to provide a capital base for the Corporation, as well as to provide funds which may be required for administrative purposes and timing differences.

(e) Basis of presentation:
The Corporation recognizes income and expenses on an accrual basis.

(f) Use of estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Change in accounting policy:

In June 2009, the CICA amended Section 3862, *Financial Instruments – Disclosures*, to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. These amendments are effective for the Corporation for the year ended March 31, 2010.

As required by the transitional provisions, these new standards have been applied without restatement of prior period amounts.

3. Loans to units:

a) Loans to municipal units in Nova Scotia are made on the security of their debentures and are due in annual instalments for periods up to a maximum of twenty years. Interest rates on the loans range from 0.9% to 6.875%. The fair value of loans to units as at March 31, 2010 is $755,103,909 (2009 – $737,767,638).

	2010	2009
Loans to units	$728,328,217	$709,623,973
Less current portion	90,876,542	95,508,362
	$637,451,675	$614,115,611

b) Principal payments receivable from units and debentures payable in each of the next five years are as follows:

	Loans to units	Debentures payable
2011	$ 90,876,542	$ 90,882,065
2012	86,023,827	86,023,410
2013	82,057,289	82,063,397
2014	66,931,547	66,932,122
2015	62,789,174	62,785,692

4. Debentures payable:

The debenture debt outstanding at March 31, 2010 totaling $728,299,838 (2009 – $709,655,688) is in Canadian funds and is fully guaranteed by the Province of Nova Scotia, with the exceptions of Series "AT" and the "FCM" loans which are private placements. Interest is payable semiannually, except for Series "AT", which is payable annually.

Series	Date issued	Maturity date	Interest rate	Amortized cost of debt outstanding	Fair value
AP*	Jan. 30/98	2011 to 2019	5.875-6.125	$ 26,235,026	$ 28,796,551
AT	May 28/99	2010 to 2015	1.000	1,012,500	958,920
AV*	June 1/00	2010	6.875	4,654,887	4,704,333
AW*	Nov. 9/00	2010	6.375	6,578,951	6,796,954
AX*	May 29/01	2010 to 2011	6.250	9,571,874	9,991,794
AY*	Nov. 7/01	2010 to 2011	6.000	5,849,262	6,180,303
AZ*	May 15/02	2010 to 2012	6.000-6.125	20,307,982	21,438,706
BA*	Nov. 7/02	2010 to 2017	5.375-6.000	10,713,425	11,365,041
BB*	Jan. 9/03	2010 to 2023	5.913	8,605,326	9,386,327
BC*	May 28/03	2010 to 2018	5.000-5.750	22,091,252	23,261,770
BD*	Oct. 15/03	2010 to 2018	4.625-5.375	10,299,487	10,817,609
BE*	June 10/04	2010 to 2019	4.800-5.750	14,295,501	15,088,139
BF*	Sept. 1/04	2010 to 2024	4.845-5.940	82,500,000	88,759,272
BG*	Nov. 25/04	2010 to 2019	4.495-5.325	15,458,000	16,209,530
BH*	June 1/05	2010 to 2020	3.840-4.880	37,208,000	38,233,741
BI*	Nov. 22/05	2010 to 2020	4.080-4.830	39,061,000	40,039,269
BJ*	June 1/06	2010 to 2021	4.475-5.080	37,953,000	39,428,736
BK*	Oct. 24/06	2010 to 2021	4.110-4.590	43,506,000	43,963,232
FCM-A	Oct. 31/06	2010 to 2016	2.550	581,560	564,708
FCM-B	Mar. 5/07	2011 to 2017	2.620	226,695	219,279
BL*	June 1/07	2010 to 2022	4.380-4.770	53,116,000	54,202,918
BM*	Oct. 17/07	2010 to 2022	4.627-5.210	62,900,000	65,706,452
BN*	Jul. 7/08	2010 to 2023	3.889-5.088	49,184,000	50,590,009
FCM-C	Sept. 30/08	2010 to 2018	2.190	595,110	557,369
BP*	Oct. 24/08	2010 to 2023	3.550-5.480	51,641,000	53,656,800
BQ*	June 1/09	2010 to 2024	1.000-5.644	70,184,000	70,977,560
BR*	Oct 27/09	2010 to 2024	0.900-4.939	43,970,000	43,179,785
				728,299,838	755,075,107
Less current portion (note 3b)				90,882,065	
				$ 637,417,773	$755,075,107 **

* Placed directly with the Province of Nova Scotia.

** The fair value of the debentures payable on March 31, 2009 was $737,800,660.

5. Employee obligations:

(a) Public Service Awards:

As at March 31, 2010, the Corporation has recorded a liability in the amount of $38,917 (2009 – $50,139) in respect of the provincial public service award for the employees of the Corporation.

(b) Employee future benefits/pension:

Permanent employees participate in the Nova Scotia Public Service Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administrated by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings.

Contributions to the Plan are required by both the employees and the employer. Total employer contributions for 2010 were $10,557 (2009 – $13,659) and are recognized as an expense in the year. The Corporation is not responsible for any under-funded liability, nor does the Corporation have any access to any surplus that may arise in this Plan.

6. Supplemental cash flow information:

(a) Cash and cash equivalents include:

	2010	2009
Cash	$ 109,851	$ 6,290,680
Short-term investments	6,252,784	—
	$ 6,362,635	$ 6,290,680

(b) Change in non-cash working capital:

	2010	2009
Accrued interest receivable	$ 81,645	$ (26,021)
Other receivables	4,417	(13,905)
Accounts payable	(1,362)	(48,560)
Accrued interest payable	(84,549)	56,216
	$ 151	$ (32,270)

(c) Supplemental cash flow information

	2010	2009
Interest paid	$ 35,219,536	$ 34,920,095
Interest received	$ 35,220,075	$ 34,918,904

7. Financial instruments:

(a) Fair value

The fair values of cash and cash equivalents, accrued interest receivable, HST receivable, accounts receivable, accounts payable and accrued interest payable are assumed to approximate their carrying amounts because of their short-term to maturity. The fair value of the loans to units (note 3) and debentures payable (note 4) has been calculated using future cash flows (principal and interest) at current market rates available to the Corporation or the same or similar instruments.

The fair value of the loans to units and the debentures payable are determined using Canadian bond market conventions.

The yield to maturity curve by month for the Corporation was estimated using the following assumptions:

a) The risk-free interest rate for each specified maturity term equal to the relevant benchmark Canada yield by term (Canada yield).
b) The Nova Scotia credit spread relative to the Canada yield for each specified maturity term to reflect the Nova Scotia cost of funds as provided by CIBC World Markets and RBC Capital Markets.
c) The Corporation's credit spread relative to the Nova Scotia credit spread for each specified maturity term based on the municipal credit spreads provided by CIBC World Markets, RBC Capital Markets and Scotia Capital Inc.

The Corporation's yield to maturity on an annual basis for specified maturity terms is determined as the sum of the Canada yield, the Nova Scotia credit spread and the Corporation's credit spread. These inputs were used to determine the Corporation's yield to maturity curve by month.

Fair value measurements recognized in notes 3 and 4 are categorized using the fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for assets and liabilities that are not based on observable market data.

The fair value of loans receivable and debentures payable has been categorized as Level 2 financial instruments.

(b) Associated risks:

The Corporation's financial instruments are primarily exposed to interest rate volatility, credit and liquidity risk.

(i) Interest rate risk
Interest rate risk is the risk that the market value of the Corporation's investments and debt will fluctuate due to changes in market interest rates. Interest rate risk is mitigated due to the fact that the Corporation's mandated rate of interest charged on loans to units is directly matched to its cost of borrowing, thereby mitigating the risk of equity erosion. It is management's opinion that the Corporation is not exposed to significant interest rate risk arising from financial instruments.

(ii) Credit risk
Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Corporation. Due to the existing statutory provision for the recovery of any defaults by units, an allowance for doubtful accounts is not required. Due to the fact that all loans to units are guaranteed by the Province of Nova Scotia, it is management's opinion that the Corporation is not exposed to significant credit risk arising from financial instruments.

(iii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are managed through the receipt of payments on the loans to units and short-term investments and interest earned on the loans to units and short-term investments. These sources of funds are used to satisfy debt service requirements on the debentures and short-term loans and to pay operating expenses. In the normal course of business, the Corporation enters into contracts that give rise to commitments for future payments which may also impact the Corporation's liquidity. The Corporation also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant liquidity risk arising from financial instruments.

8. Capital risk management:

The main objective of the Corporation is to provide financing, guaranteed by the Province of Nova Scotia, on approved capital projects at the lowest cost available within acceptable risk parameters and to provide advice and assistance to clients regarding financial management. Increases in funds are a direct result of interest income generated from the loans to units and short-term investments, recovery of issue costs and the levy of the reserve fee. The main use of funds is to pay interest on the debenture debt and short-term loans, administrative expenses and debenture issue expenses. The Corporation carries out its programs in conjunction with the budget approved by the Minister of Service Nova Scotia and Municipal Relations.

9. Trust funds under administration:

The Corporation has no Trust Funds under its administration for the year ended March 31, 2010.